



**STATEMENT OF PROCEEDINGS
FOR THE REGULAR MEETING OF THE
LOS ANGELES COUNTY AUDIT COMMITTEE**

**KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 140
LOS ANGELES, CALIFORNIA 90012**

Wednesday, April 16, 2014

2:00 PM

AUDIO LINK FOR THE ENTIRE MEETING. (14-1832)

Attachments: [AUDIO](#)

Present: Chair Carl Gallucci, Vice Chair Lori Glasgow, Member Louisa Ollague and Member Kieu-Anh King

Absent: Member Dorinne Jordan

I. ADMINISTRATIVE MATTERS

1. Call to Order. (14-1504)

The meeting was called to order by Kieu-Anh King at 2:10 p.m.

2. Approval of the March 19, 2014 meeting minutes. (14-1505)

On motion of Lori Glasgow, seconded by Carl Gallucci, this item was approved.

Attachments: [SUPPORTING DOCUMENT](#)

II. BOARD POLICIES

3. Recommendation to extend the sunset review date of Board Policy No. 5.046 - Retention of Contractors Employees for Security Service Contracts, to June 29, 2018. (14-1566)

On motion of Lori Glasgow, seconded by Kieu-Anh King, this item was approved.

Attachments: [SUPPORTING DOCUMENT](#)

III. SUNSET REVIEW

4. Recommend to the Board of Supervisors to extend the Los Angeles County Sybil Brand Commission for Institutional Inspections' sunset review date to October 1, 2017 (6/17/13) (Continued from meetings of 6/27/13, 7/17/13, 8/21/13 and 10/16/13). (13-2958)

Kieu-Anh King requested this item be continued until issues have been cleared at the Children and Families' Well-Being Cluster and the Public Safety Cluster meetings.

On motion of Carl Gallucci, seconded by Lori Glasgow, staff was instructed to include this item in a future agenda once issues have been resolved at Cluster meetings.

Attachments: [SUPPORTING DOCUMENT](#)

IV. OLD BUSINESS

5. Recommendation to approve amendments to Board Policy No. 5.070 - Multi-Year Services Contract Cost of Living Adjustments and extend the sunset review date to March 18, 2018 (12/31/13) (Continued from meetings 1/15/14, 2/19/14 and 3/19/14). (14-0216)

On motion of Carl Gallucci, seconded by Lori Glasgow, this item was continued to the next meeting.

Attachments: [SUPPORTING DOCUMENT](#)

6. Recommendation to approve amendments to Board Policy No. 5.050 - Contractor's Use of GAIN/GROW Participants and extend the sunset review date to May 1, 2017 (2/26/14) (Continued from meeting of 3/19/14). (14-1034)

Kieu-Anh King requested this item be amended to extend the sunset review date to July 1, 2014.

On motion of Louisa Ollague, seconded by Carl Gallucci, the policy was approved as amended to extend the sunset review date to July 1, 2014.

Attachments: [SUPPORTING DOCUMENT](#)

7. Department Of Public Social Services - Procurement Review (12/26/13) (Continued from meeting of 1/15/14). (14-0185)

On motion of Carl Gallucci, seconded by Lori Glasgow, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

8. Department of Mental Health - Pharmacy Operations (9/25/13) (Continued from meetings 10/16/13, 11/20/13, 12/18/13, 1/15/14, 2/19/14 and 3/19/14). (13-4653)

On motion of Carl Gallucci, seconded by Lori Glasgow, this item was continued to the next meeting.

Attachments: [SUPPORTING DOCUMENT](#)

9. Department of Public Health - Drug Medi-Cal Program Audit (Board Agenda Item 5, August 13, 2013) (10/18/13) (Continued from meetings 11/20/13, 12/18/13, 1/15/14, 2/19/14 and 3/19/14). (13-5068)

Raymond Low, Department of Public Health, reported that the Severity Index Tool was created and tested in an effort to address the initial findings on the Drug Medi-Cal Program but new management has determined that the tool is not fully serving the purpose it was designed for. The Severity Index Tool is back in the development stages and completion is scheduled for summer 2014.

Don Chadwick, Auditor-Controller (A-C), reported that the A-C Department is not scheduled to prepare another audit to confirm the implementation of the recommendations listed in the report but it did recommend that an internal management review of the unit be conducted.

Mr. Low reported that the internal review has not been completed; it is in the process of being drafted and it addresses communication deficiencies and job controls.

In response to Kieu-Anh King, Mr. Low confirmed that this item will be presented at a Health and Mental Health Services Cluster meeting no later than December 2014.

On motion on Kieu-Anh King, seconded by Lori Glasgow, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

10. Sheriff's Department - Billing and Collections Review (12/12/13) (Continued from meetings of 1/15/14, 2/19/14 and 3/19/14). (13-5902)

The Audit Committee expressed concern over the Los Angeles County Sheriff's Department (LASD) processing of uncollected debts and its write off policies. Robert Smythe, Auditor-Controller (A-C), confirmed that uncollected debt should go to the Treasurer and Tax Collector's Office. Arlene Barrera, Auditor-Controller, stated that she will follow up with LASD and the Public Safety Cluster.

The Audit Committee asked A-C staff to provide a report of results from the LASD and Public Safety Cluster meeting.

On motion of Lor Glasgow, seconded by Carl Gallucci, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

11. Department of Public Social Services - Review of Trust Funds, Revolving Funds, Commitments, and Accounts Payable (1/3/14) (Continued from meetings of 1/15/14, 2/19/14 and 3/19/14). (14-0248)

Arlene Barrera, Auditor-Controller, provided an overview of child support funds that are retained by the Department of Social Services (DPSS) to off-set funds that are provided to custodial parents on welfare.

Nancy Neville, Auditor-Controller, reported that DPSS did not realize that funds were not being reported and paid to the State of California until the responsibility of placing these funds in a trust fund was transferred to the District Attorney's Office. Ms. Neville added that the trust funds were not reconciled by DPSS. The Auditor-Controller recommended that DPSS work with County Counsel to determine appropriate course of action.

Ms. Barrera provided scenarios that affect the State of California and recipients when DPSS does not provide adequate reporting. Ms. Barrera stated that DPSS is having ongoing discussions with County Counsel with regard to a significant amount of cases involved.

Collins Nweke, DPSS, reported that at a recent meeting, County Counsel recommended that DPSS go back and do more due diligence to determine if there are any records left that can be utilized to substantiate the 500,000 cases that were not previously reviewed. Mr. Nweke indicated that after a thorough review, DPSS determined that they were unable to retrieve records saved in microfiche and other media. A second option being considered is an outreach program, initiated by the Treasurer and Tax

Collector's office (TTC), to identify individuals who are entitled to the funds. County Counsel will examine options for handling funds that should have been sent to the State of California.

Lori Glasgow requested that County Counsel, DPSS, and TTC provide an update at a future Audit Committee meeting when legal options have been identified. DPSS will provide an updated report at the June 18, 2014 Audit Committee meeting.

On motion of Lori Glasgow, seconded by Carl Gallucci, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

- 12.** Sheriff's Department - Special Funds, Trust Funds, and Accruals Review (1/16/14) (Continued from meetings of 2/19/14 and 3/19/14). (14-0647)

On motion of Carl Gallucci, seconded by Lori Glasgow, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

- 13.** Jenesse Center, Inc. - A Department of Public Social Services Domestic Violence Supportive Services Program Provider - Contract Compliance Review (2/7/14) (Continued from meetings of 2/19/14 and 3/19/14). (14-0756)

On motion of Carl Gallucci, seconded by Lori Glasgow, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

- 14.** Pathways LA - A Department of Public Social Services CalWORKs Stage One Child Care Services Program Provider - Contract Compliance Review (2/7/14) (Continued from meetings 2/19/14 and 3/19/14). (14-0757)

On motion of Carl Gallucci, seconded by Lori Glasgow, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

- 15.** Department of Public Social Services - Contracts Review (2/11/14) (Continued from meetings of 2/19/14 and 3/19/14). (14-0774)

On motion of Carl Gallucci, seconded by Lori Glasgow, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

16. Probation Department - Cash Handling, Trust Funds, Accounts Payable, and Commitments Review (2/19/14) (Continued from the meeting of 3/19/14). (14-1017)

On motion of Carl Gallucci, seconded by Lori Glasgow, this item was continued to the next meeting.

Attachments: [SUPPORTING DOCUMENT](#)

17. Fiscal Year 2013-14 Second Quarter Report on Audit-Related Funding Transferred from General Fund Departments (2/19/14) (Continued from the meeting of 3/19/14). (14-1020)

On motion of Carl Gallucci, seconded by Lori Glasgow, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

18. HIPAA and HITECH Act Compliance Review - Roybal Family Mental Health Center (3/5/14) (Continued from the meeting of 3/19/14). (14-1104)

On motion of Carl Gallucci, seconded by Lori Glasgow, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

19. Los Angeles Urban League - A Community and Senior Services' Workforce Investment Act Program Contract Service Provider - Contract Compliance Review - Fiscal Year 2013-14 (3/5/14) (Continued from the meeting of 3/19/14). (14-1108)

Arlene Barrera, Auditor-Controller, reported that the services paid by the County were provided to the corresponding clients but the agency did not pay their sub-contractor. The funds may be levied once the sub-contractor applies for a judgment. All the funds were disbursed to the agency and recommendations in the report include providing documentation that supports payment to the sub-contractor.

Don Chadwick, Auditor-Controller, reported that further actions against the agency would have to be discussed with County Counsel.

On motion of Louisa Ollague, seconded by Lori Glasgow, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

20. House of Ruth, Inc. - A Department of Public Social Services Domestic Violence Supportive Services Program Provider - Contract Compliance Review (3/12/14) (Continued from the meeting of 3/19/14). (14-1299)

On motion of Carl Gallucci, seconded by Lori Glasgow, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

V. REPORTS

21. Macias Gini O'Connell LLP Statement on Auditing Standards (SAS) 114 Communication for Fiscal Year 2012-13 (4/3/14). (14-1777)

On motion of Carl Gallucci, seconded by Lori Glasgow, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

22. Comprehensive Annual Financial Report for Fiscal Year 2012-13. (14-1778)

On motion of Carl Gallucci, seconded by Lori Glasgow, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

23. Single Audit Report for Fiscal Year 2012-13 (4/7/14). (14-1761)

In response to Kieu-Anh King, James Godsey, Macias Gini & O'Connell LLP (MGO), provided an overview of Material Weaknesses and Significant Deficiencies, reflected in the Year Ended June 30, 2013 Schedule of Findings and Questioned Costs report. Mr. Godsey explained that the two weaknesses were reported in the Financial Statement as a result of Federal Financial Awards not being included on the Schedule of Expenditures of Federal Awards in prior years.

On motion of Carl Gallucci, seconded by Lori Glasgow, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

24. Revised Single Audit Report for Fiscal Year 2009-10 (4/9/14). (14-1768)

On motion of Carl Gallucci, seconded by Lori Glasgow, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

25. Helpline Youth Counseling, Inc. - A Department of Public Social Services Domestic Violence Support Services Program Provider - Contract Compliance Review (3/17/14). (14-1372)

On motion of Carl Gallucci, seconded by Lori Glasgow, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

26. Registrar-Recorder/County Clerk - Truncation Fee Special Fund First Review (June 1, 2012 - December 31, 2013) (3/26/14). (14-1515)

On motion of Carl Gallucci, seconded by Lori Glasgow, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

27. First Quarterly Report On Impact Of Health Care Reform On County Cash Flows (Board Agenda Item 36-A, June 25, 2013) (3/27/14). (14-1548)

On motion of Carl Gallucci, seconded by Lori Glasgow, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

28. Semi-Annual Fraud Hotline Status Report - July 1, 2013 through December 31, 2013 (3/28/14). (14-1565)

Guy Zenlenski, Auditor Controller (A-C), provided an overview of the Semi-Annual Fraud Hotline Status Report and answered questions posed by the Audit Committee. Kieu-Anh King expressed concern regarding the prolonged time period for discipline to be implemented. Robert Campbell, A-C, stated that due to the resolution of legal issues that must first occur, a timely discipline implementation process may not be ideal.

Louisa Ollague, expressed concern regarding re-occurring legal issues with overtime. Robert Smythe, Auditor-Controller, confirmed that the re-occurring issues are from the same supervisor. Louisa Ollague asked A-C staff to provide a follow-up report on this issue.

On motion of Louisa Ollague, seconded by Kieu-Anh King, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

29. On-the-Job Training Pilot Project (4/1/14). (14-1603)

Elaine Boyd, Auditor-Controller (A-C), reported that Community and Senior Services (CSS) and the A-C are working together to review the On-the-Job Training (OJT) services provided by LA Works.

Arlene Barrera, A-C, reported that LA Works has an existing contract with the Sheriff's Department and the A-C is reviewing the contract to determine if the Sheriff's Department is being provided with adequate services. An audit report, related to the Sheriff's Department, will be issued within 30 days.

The Audit Committee expressed concern with the findings for LA Works and questioned whether other contracts may be affected.

Don Chadwick, A-C, reported that the agreement with CSS involves the A-C contacting 50 OJT participants, identified by LA Works, and CSS contacting 120 participants. Once the review has been completed, a report will be issued.

A-C staff was instructed to determine if the County has other contracts or subcontracts with HealthRIGHT 360. Auditor-Controller staff will also determine if funds provided to the City of Inglewood are being utilized for training by LA Works.

On motion of Louisa Ollague, seconded by Lori Glasgow, this item was continued to the next meeting.

Attachments: [SUPPORTING DOCUMENT](#)

30. Community and Senior Services - Reviews of Workforce Investment Act Service Providers - Fiscal Year 2011-12 Summary Report (4/4/14). (14-1703)

On motion of Carl Gallucci, seconded by Lori Glasgow, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

31. Altamed Health Services Corporation - A Department of Public Social Services Cal-Learn Program Provider - Contract Compliance Review (4/4/14). (14-1704)

On motion of Carl Gallucci, seconded by Lori Glasgow, this item was continued to the next meeting.

Attachments: [SUPPORTING DOCUMENT](#)

32. Department of Public Health - Nursing Home Investigation Audit (Board Agenda Item 49-A, March 4, 2014) (4/4/14). (14-1705)

On motion of Carl Gallucci, seconded by Lori Glasgow, this item was continued to the next meeting.

Attachments: [SUPPORTING DOCUMENT](#)

33. West San Gabriel Valley Consortium, dba Career Partners - A Community and Senior Services' Workforce Investment Act Program Contract Service Provider - Contract Compliance Review - Fiscal Year 2012-13 (4/8/14). (14-1748)

On motion of Carl Gallucci, seconded by Lori Glasgow, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

VI. DISCUSSIONS

34. Discussion on Sheriff's Department Summary of Audits - Major Audit Findings (Continued from meetings of 2/19/14 and 3/19/14). (14-0799)

The Audit Committee agreed that this report should be shared with Justice Deputies and asked Auditor-Controller staff to provide a pdf copy via email.

35. CARD - Status Report. (14-1508)

Jason Stempinski, Auditor-Controller (A-C), reported that the most significant changes to the Contractor Alert Reporting Database (CARD) were done by the Department of Children and Family Services (DCFS), adding six vendors that were recommended for CARD placement. The Antelope Valley Committee on Aging and the Los Angeles Urban League have been added to the report, as requested at the March 13, 2014 Audit Committee meeting. Mr. Stempinski reported that issues with Chicana Service Action Center, Inc. have not been resolved. Robert Campbell, Auditor-Controller, reported that the District Attorney's office is actively working on issues with Chicana Service Action Center, Inc.

A-C staff was asked to provide a status update of DCFS contractors that are on default in CARD. Mr. Stempinski provided an overview of the CARD process.

Attachments: [SUPPORTING DOCUMENT](#)

36. CSS Monitoring Update. (14-1767)

Jackie Sakane and Adrian Romero, Community and Senior Services, provided an overview of the report and answered questions posed by the Audit Committee. Ms. Sakane stated that due to the lack of payment from Urban League, incident reports have been filed with federal and state agencies. In addition, the Federal Department of Labor, Office of the Inspector General, has issued subpoenas. Ms. Sakane also stated that Career Partners is under administrative review and audits will be conducted soon.

Discussion ensued regarding filed incident reports of various agencies.

The Audit Committee asked CSS staff to provide an email with an update status of the following agencies: Career Partners, Chicana, Urban League and L.A. Works.

Ms. Sakane further added that CSS's Contractor Alert Reporting Database (CARD) procedures will be reviewed and revised if needed.

37. Pending Audits/Monitoring Reports. (14-1511)

Robert Smythe, Auditor-Controller (A-C), reminded the Audit Committee that at its October 16, 2013 meeting, the A-C was instructed to review the functions of the Sybil Brand Commission to determine if these functions overlap or duplicate functions performed by other Commissions. Mr. Smythe requested, and the Audit Committee agreed, that the cost of the A-C's review would be charged to the PFU fund established for Board-ordered audits. Auditor-Controller is working in conjunction with Executive Office staff on the review.

Robert Campbell, A-C, reported that the FY 2013-14 Financial Audit and Single Audit will be performed under a new contract since the existing contract with the independent auditor has expired. Mr. Campbell reported that the A-C is providing the Chief Executive Office with input on a new division within the Sheriff's Department that will conduct internal audits.

VII. MISCELLANEOUS

- 38.** Matters not on the posted agenda (to be Presented and Placed on the Agenda of a Future Meeting). (14-1512)

There were no matters presented.

- 39.** Public Comment. (14-1513)

No members of the public addressed the Committee.

- 40.** Adjournment. (14-1514)

There being no further business to discuss, the meeting adjourned at 3:46 p.m.